

European Bank for Reconstruction and Development

Caspian Finance Seminar Workshop
Baku, June 2002

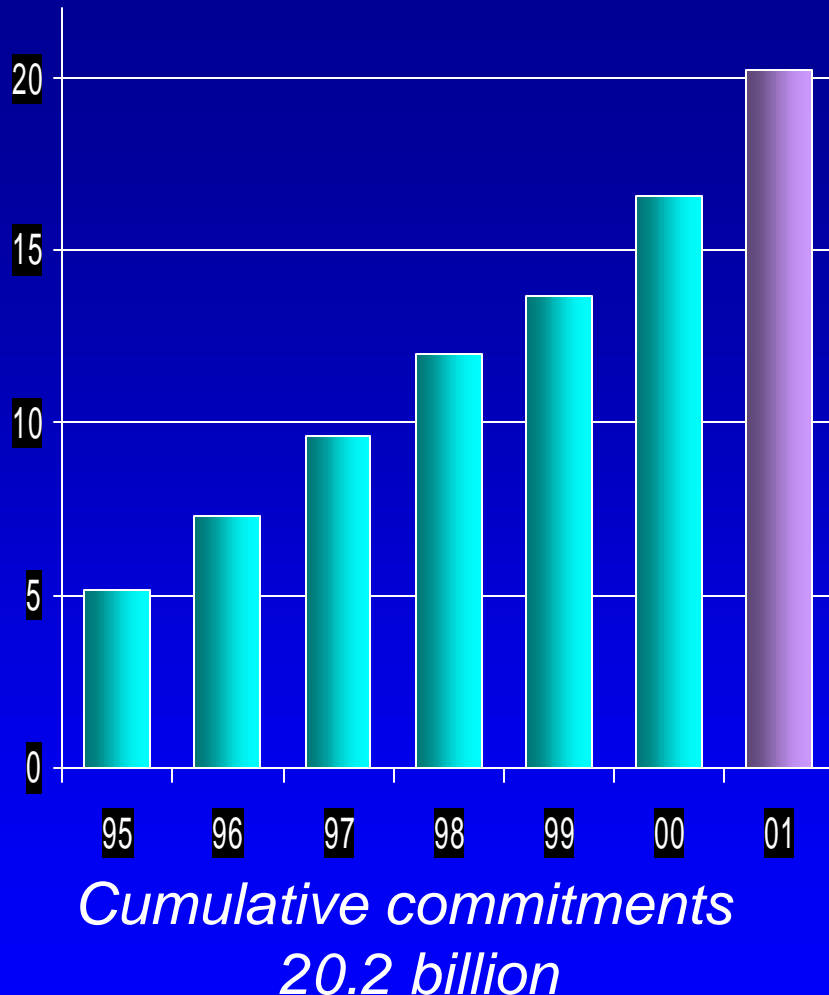
Gene R. Harris

Senior Commercial Officer

US Commercial Service Liaison to the EBRD



What is the EBRD?



Unaudited December 2001

- International financial institution est. 1991, owned by 62 national and supranational shareholders
- Promotes market-based economies in 27 countries in central & eastern Europe and the former Soviet Union
- Committed 20.2 bn for 807 projects to date
- Capital base of 20 billion

What are the EBRD's objectives?

To promote:

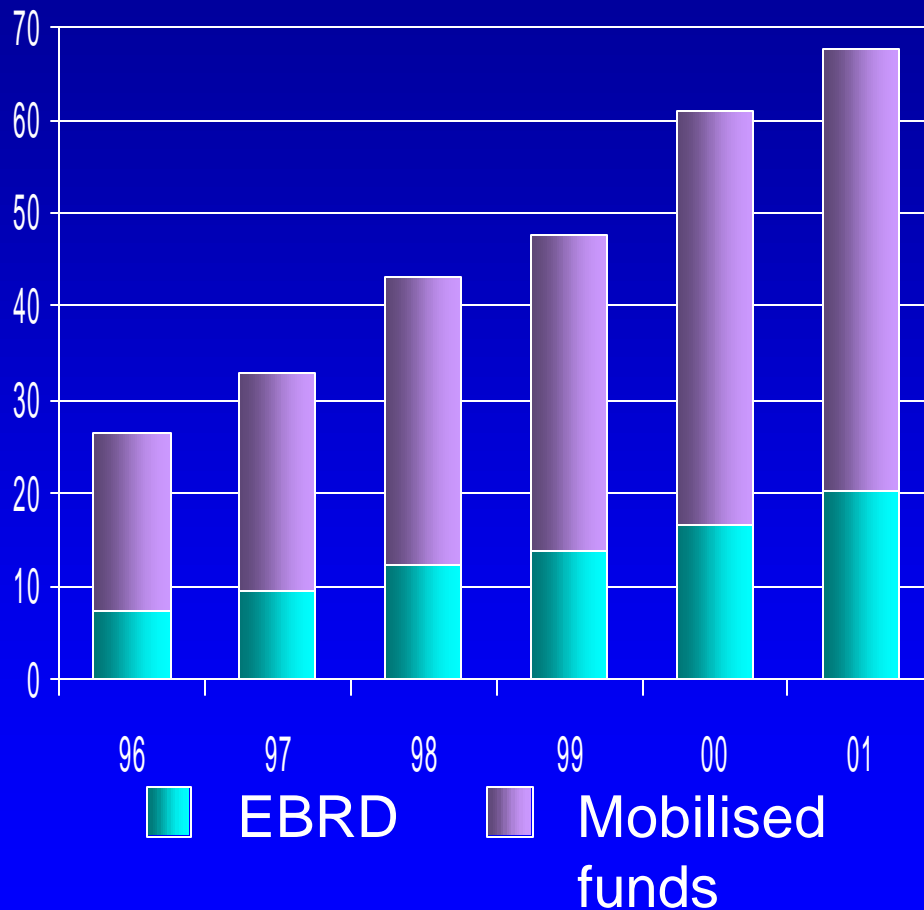
- Transition to free, market-based economies by supporting private and entrepreneurial initiative
- A better investment climate
- Good corporate governance at project, corporate and country levels
- Environmentally sound and sustainable development

Operational priorities

- Continue to support the creation of sound financial sectors
- Develop small and medium-sized enterprises
- Promote infrastructure development
- Demonstrate ways of restructuring large enterprises
- Take an active approach to equity investment
- Promote a sound investment climate and stronger institutions

Catalyst for change

Cumulative funds mobilised
67.7 billion



Unaudited December 2001

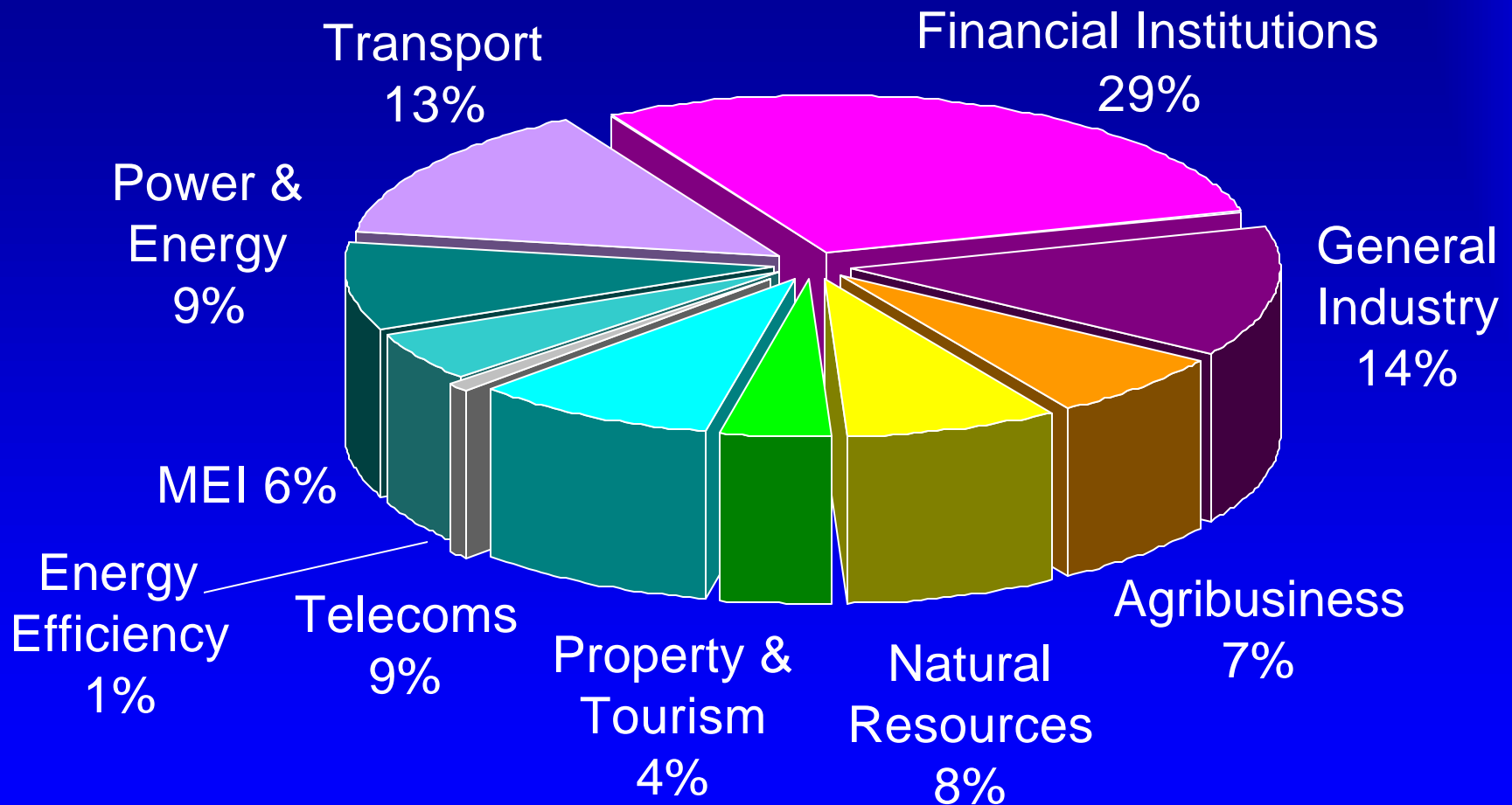
- Stimulates foreign direct investments
- Attracting third party financing triples EBRD's investments
- Mobilises domestic capital
- Promotes environmentally sound and sustainable projects
- Access to TC funds - which assist project preparation

What EBRD does not do

- Act as financial advisers
- Provide credit insurance
- Finance exports
- Invest outside Central and Eastern Europe and the Commonwealth of Independent States

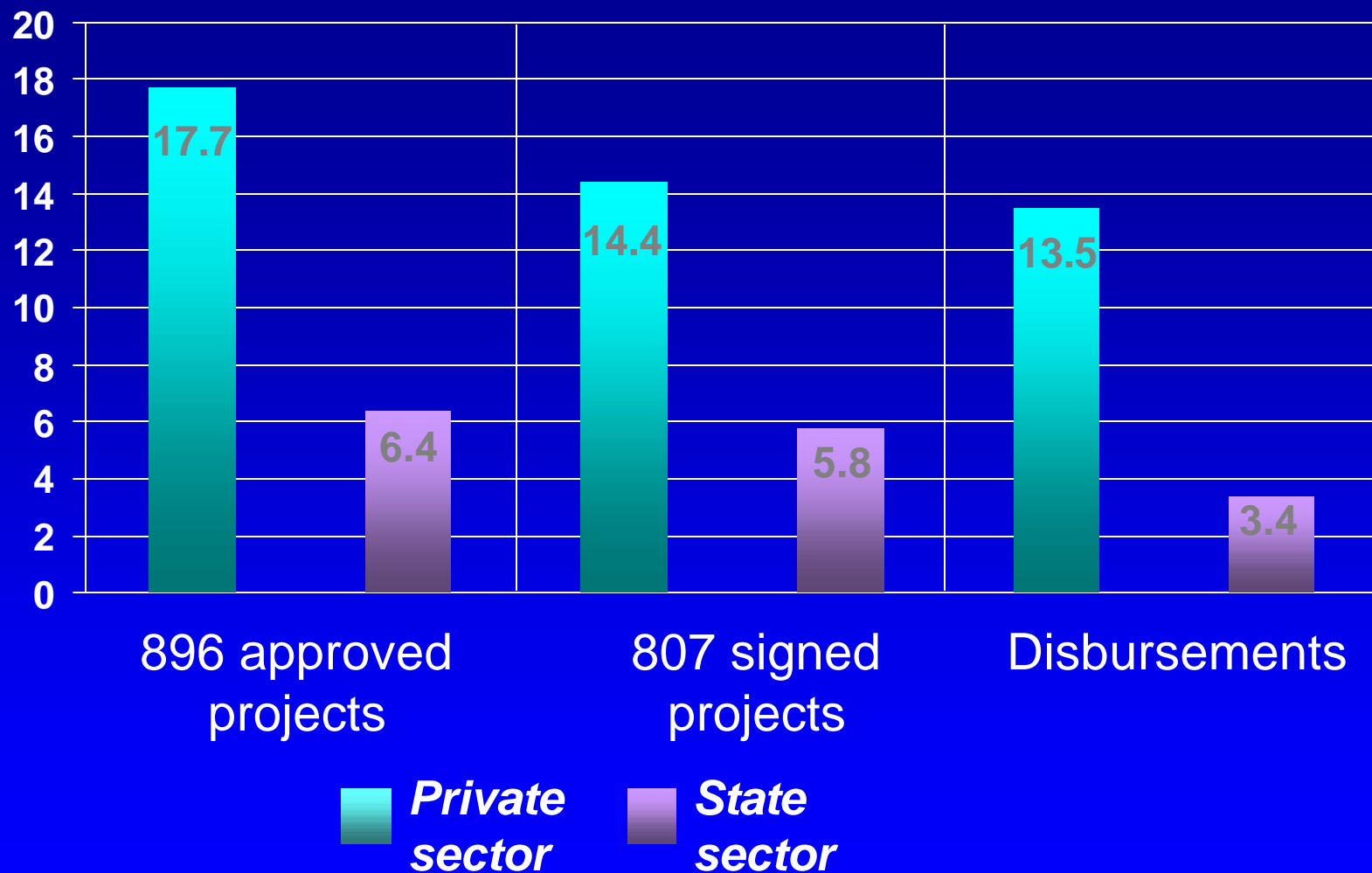
Portfolio by sector

Cumulative commitments to December 2001



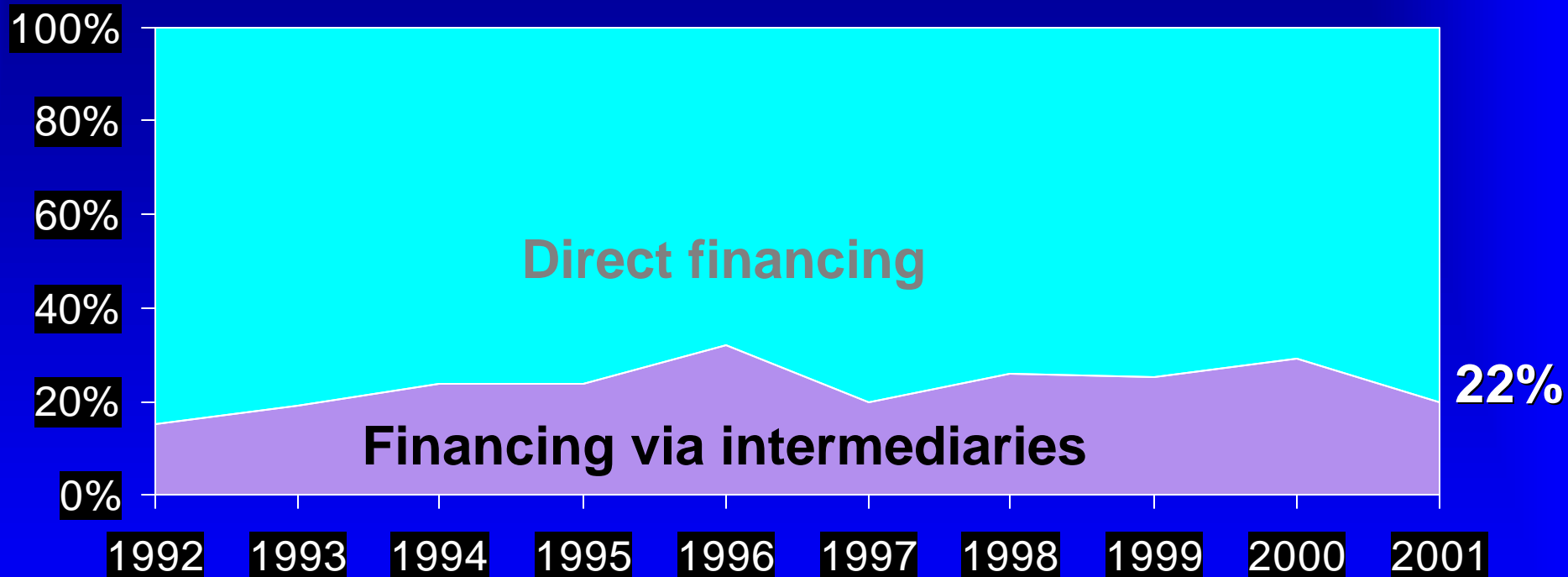
Project portfolio

billion



Financing via intermediaries

- reaches SMEs
- strengthens banks and capital markets



U.S. Participation in the EBRD

U.S. is the largest single shareholder in the EBRD with a 10% stake

U.S. firms are the lead or major investors in projects valued at \$13.38 billion, * over one-fifth of the total value of the private sector projects funded by EBRD

U.S. Firms have won 8.4 percent of international public sector tenders funded by the EBRD

US Commercial Investment Institutions co-invested almost \$600 million in EBRD projects since 1991.

3 of the top 10 consultancy contract winners are U.S. Companies

*31 December 2001

** Including European Offices and Affiliates

Working with the EBRD

The EBRD works with U.S. companies in three ways:

- 1) Borrowers/ investors in private sector projects
- 2) Suppliers of equipment, works, and services on Bank financed public sector projects
- 3) Consultants under the Bank's Technical Cooperation program and Bank financed projects

Financing with the EBRD

- The EBRD funds up to 35% of the total project cost
- Other investors make significant equity contributions
- Private sector projects typically are based on 66% debt financing and 33% equity
- Other co-financiers are required
- Sponsor equity can be in the form of equipment or machinery

Project Cycle



Criteria for Project Selection

- Private sector focus
- **Additional to the private sector**
- **Sound banking principles**
- **Transition impact**
- Environmentally sound
- Infrastructure support
- Partner and catalyst

EBRD Business Plan Outline

1. Executive Summary
2. Description of the opportunity
3. Sponsor's commitment and credentials
4. Industry and competitive environment
5. Regulatory/licensing conditions
6. Market analysis
7. Ownership structure
8. Implementation/
Operational Plan
9. Management
10. Financial Analysis
11. *RISK ASSESSMENT*
12. *Exit Strategy*

Public Sector Procurement

- Public sector projects are a substantial source of procurement contracts for U.S. suppliers
- The borrower must follow the Bank's open tendering procedures on
 - Goods and services contracts > Euro 200 000
 - Works contracts > Euro 5 million
- Upcoming public sector procurement opportunities are listed on the EBRD website -
www.ebrd.com/english/procure

Consulting

- The EBRD works with consultants in three ways:
 - Executing the Bank's technical cooperation program
 - Assisting in project preparation and implementation
 - Performing due diligence
- Consulting contracts worth over 50,000 are announced on the EBRD's web page under *Procurement Opportunities*: www.ebrd.com

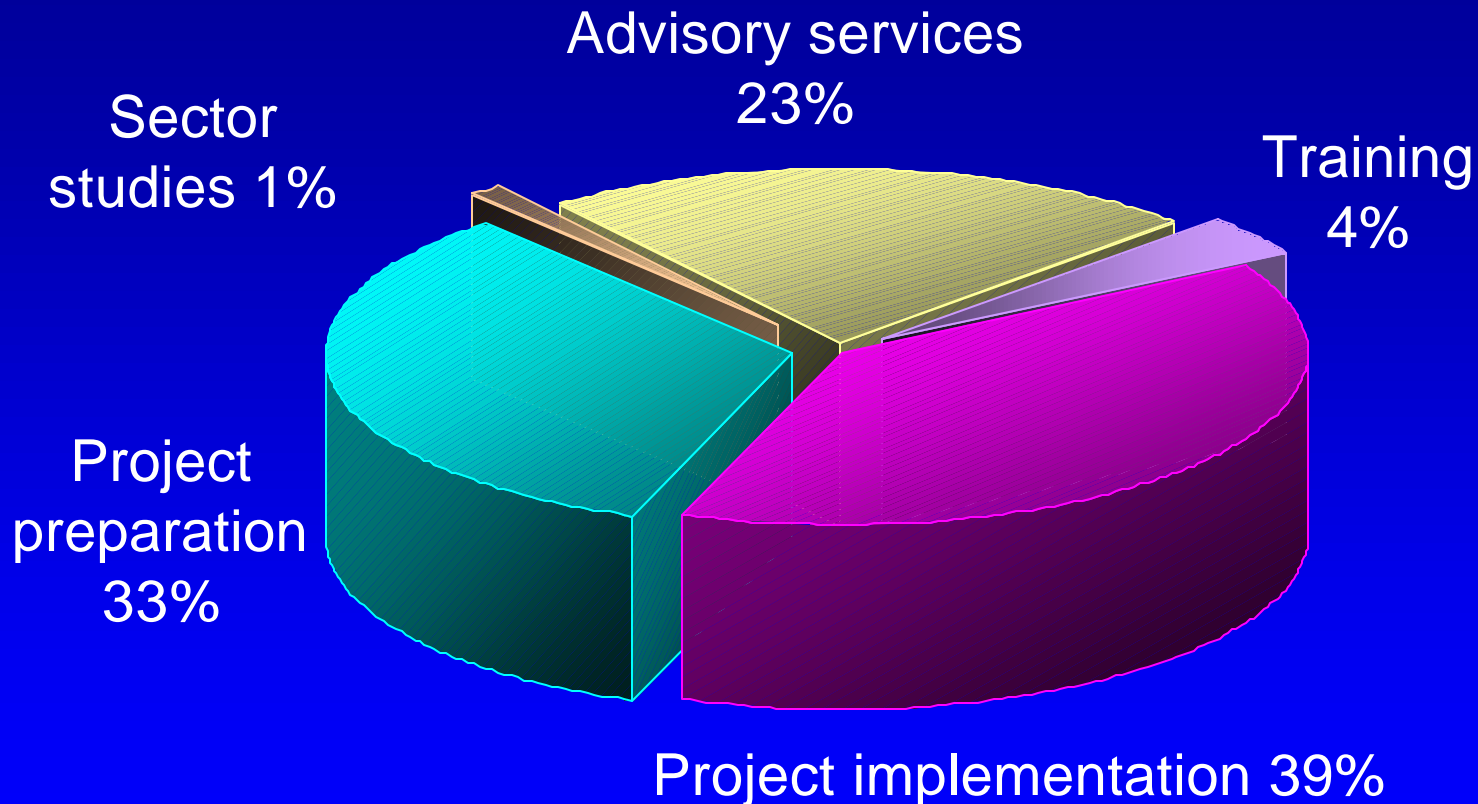
Technical Co-operation

A Catalyst for third party funding

	million
• 70 TC Funds + 4 closed Funds	768
• 6 Special Funds	139
• 75 project-specific assignments	40
Total: 2,986 projects funded and approved for	767

Technical Co-operation commitments

Focus on investment projects: *72% of commitments for project implementation or preparation*



EBRD Activities in the Oil and Gas Sector

- Cumulative to December 2001:
 - EBRD has signed 31 projects in this sector
 - Totalling \$1.4 billion of EBRD financing and \$7.3 billion in total project cost
 - 10 countries from Hungary to Azerbaijan

EBRD in the Caspian Sea Region

- The EBRD is an active player in the Caspian region
- The Bank has committed EUR 2.7 billion for 177 projects totaling over EUR 8.8 billion*
- EBRD participation acts as a catalyst for outside investment
 - Bank expertise reduces project risk
 - Successful projects have a high demonstration effect
 - AAA credit rating reduces borrowing costs

*Not including Russia

EBRD Strategy

- Move Caspian countries away from import dependence
- Facilitate transition through private sector development
- EBRD finance has three main goals
 - Strengthen the private sector through direct investment and transfer of technical knowledge
 - Increase the size and capabilities of local banks
 - Improve infrastructure and utilities

Transition in Oil and Gas

- Petroleum wealth has major impact on the transition to market economy
 - Creates export and foreign exchange earnings
 - Develops the private sector and infrastructure
 - Transfers technical knowledge
- The EBRD targets several sectors
 - Building upstream oil facilities
 - Improving local roads and ports
 - Increasing the capacity of local banks

Goals of EBRD Oil and Gas Activities

- The EBRD's investments in the natural resources sector:
 - increase private sector participation and promote strategic investment in the oil, gas and mining industries.
 - Reduce transportation bottlenecks, ensure competitive market access and improve the regulatory and institutional framework.
 - set high standards of business conduct and environmental protection.

EBRD Oil-Related Projects

- Oil Field Development
 - Chirag Early Oil, Azerbaijan
- Port Improvements
 - Baku, Azerbaijan
 - Aktau, Kazakhstan
 - Turkmenbashi, Turkmenistan
- Upstream Industry
 - Atoil Lube Oil, Azerbaijan
- Rail
 - Trans-Caucasian Rail Link, regional



Contact Information

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Contact Information

EBRD Website

www.ebrd.com

Central & Eastern Europe Business
Information Center (CEEbic)

Tel. (202) 482-2645

Fax. (202) 482-3898

www.mac.doc.gov/eebic/ceebic.html

Business Information Service for the Newly
Independent States (BISNIS)

Tel. (202) 482-4655


Fax. (202) 482-2293

www.BISNIS.doc.gov

How to contact the EBRD

- *Project enquiries (existing EBRD projects only)*
Tel: +44 20 7338 6282 / fax: +44 20 7338 6102
- *Business Development and project proposals* Tel:
+44 20 7338 7168 / fax: +44 20 7338 7380
- *General enquiries*
Tel: +44 20 7338 6372 / fax: +44 20 7338 6690
- *Procurement opportunities*
via web site: www.ebrd.com
- *Publications*
Tel: +44 20 7338 7553 / fax: +44 20 7338 6102

www.ebrd.com



About the EBRD

Operations

List by country

List by sector

List by signing date

Project summary documents

Co-financing

Technical cooperation

Nuclear safety

EBRD financing

Procurement

Transition

The environment

Finance


Publications

Annual meeting

Recruitment


News

operations



The EBRD provides direct financing for private sector activities, restructuring and privatisation as well as funding for the infrastructure that supports these activities. Its investments also help to build and strengthen institutions. The main forms of EBRD financing are loans, equity investments (shares) and guarantees.

Project Summary Documents (PSDs) are released for public and private sector projects before the project's consideration by the Board of Directors. PSDs are updated if material changes are made to the project following first release.



The EBRD places great emphasis on encouraging the involvement of other sources of financing in its operations, thereby increasing the total resources available to its countries of operations.

Technical cooperation funds have an important role to play in supporting the EBRD's operational objectives of sound banking, additionality and transition impact.

The EBRD functions as the administrator of the Nuclear Safety Account (NSA) and the Chernobyl Shelter Fund (CSF).

